

Executive Thinking on RISE with SAP

DETAILED FINDINGS FROM
THE BENCHMARK REPORT
By Robert Holland **November 2023**

DETAILED FINDINGS



Research Partner



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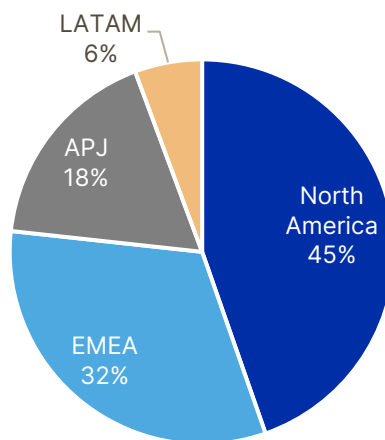
DETAILED FINDINGS

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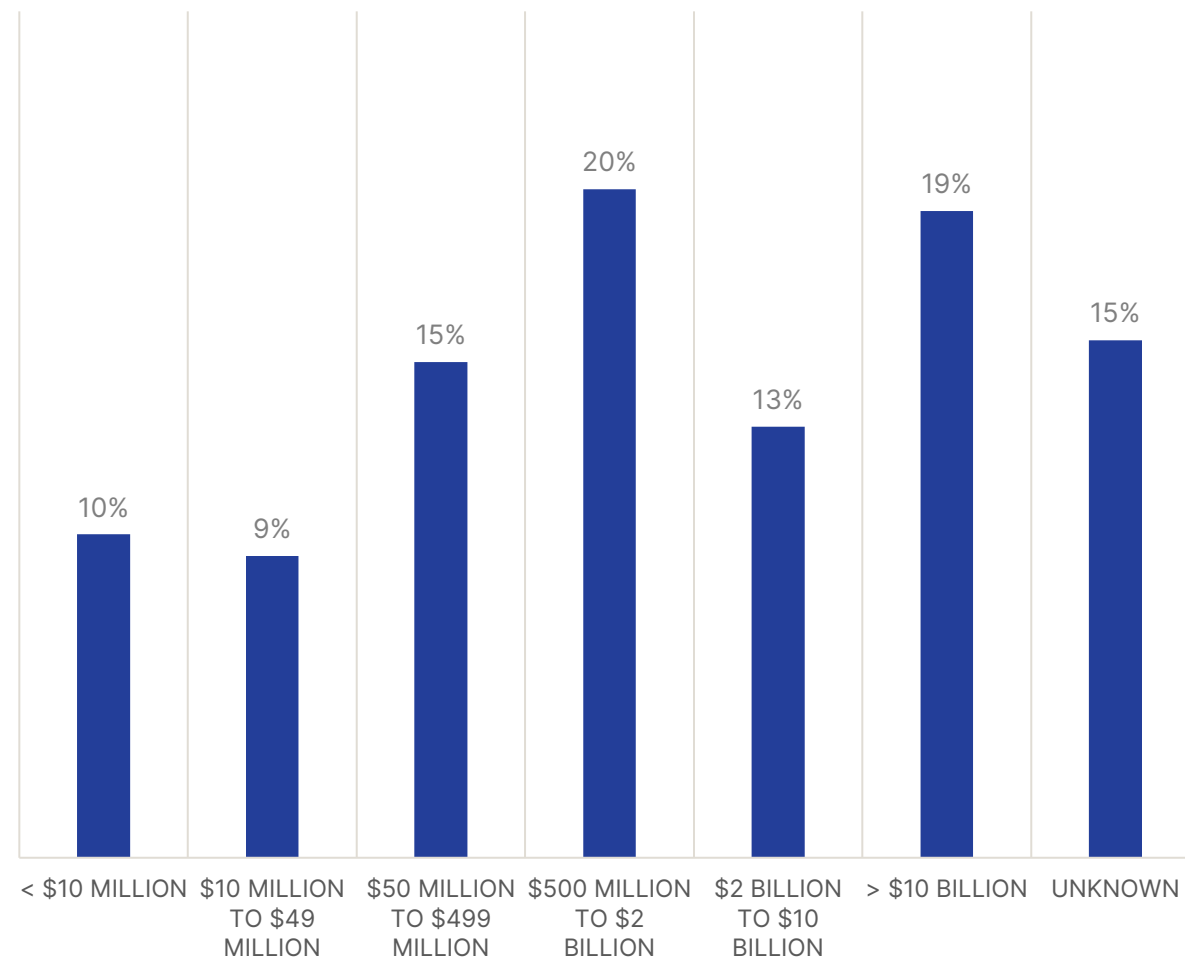
Between August and November 2023, SAPinsider surveyed 229 members of its community.

Survey participants from various geographical regions worldwide represented diverse organization sizes, contributing to a comprehensive dataset.

The primary objective of the survey was to gather insights from professionals who play a pivotal role in making ERP decisions within their respective organizations.



Revenue



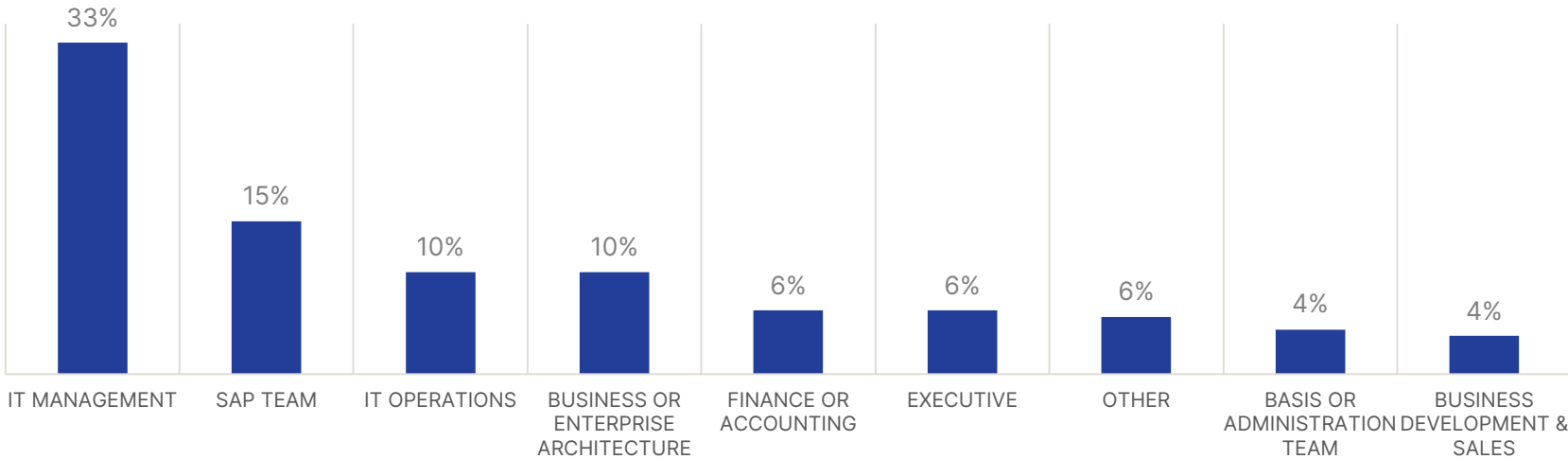
DETAILED FINDINGS

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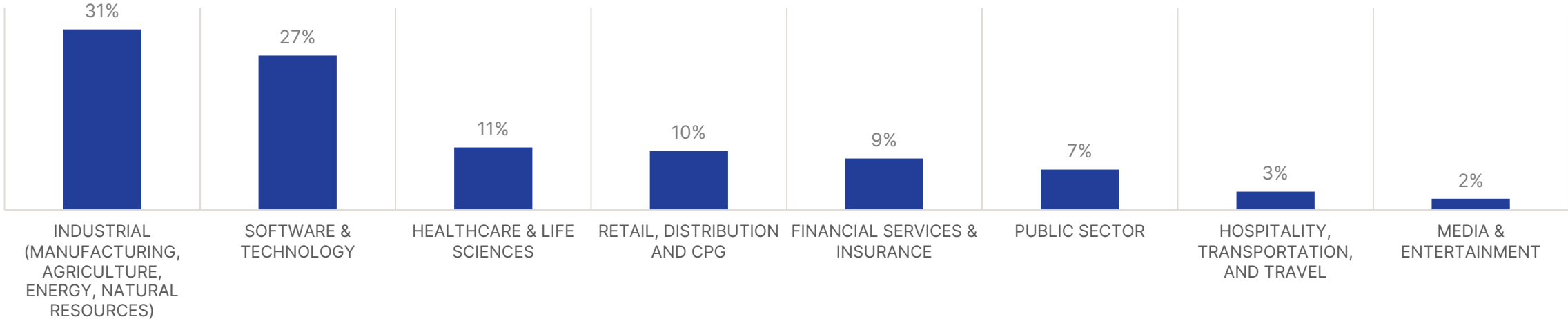
The participants were asked about their ERP and innovation priorities and the strategies being implemented in their organizations.

They were also asked about their organizational roles and the market sector in which their organizations operated.

Roles



Industry



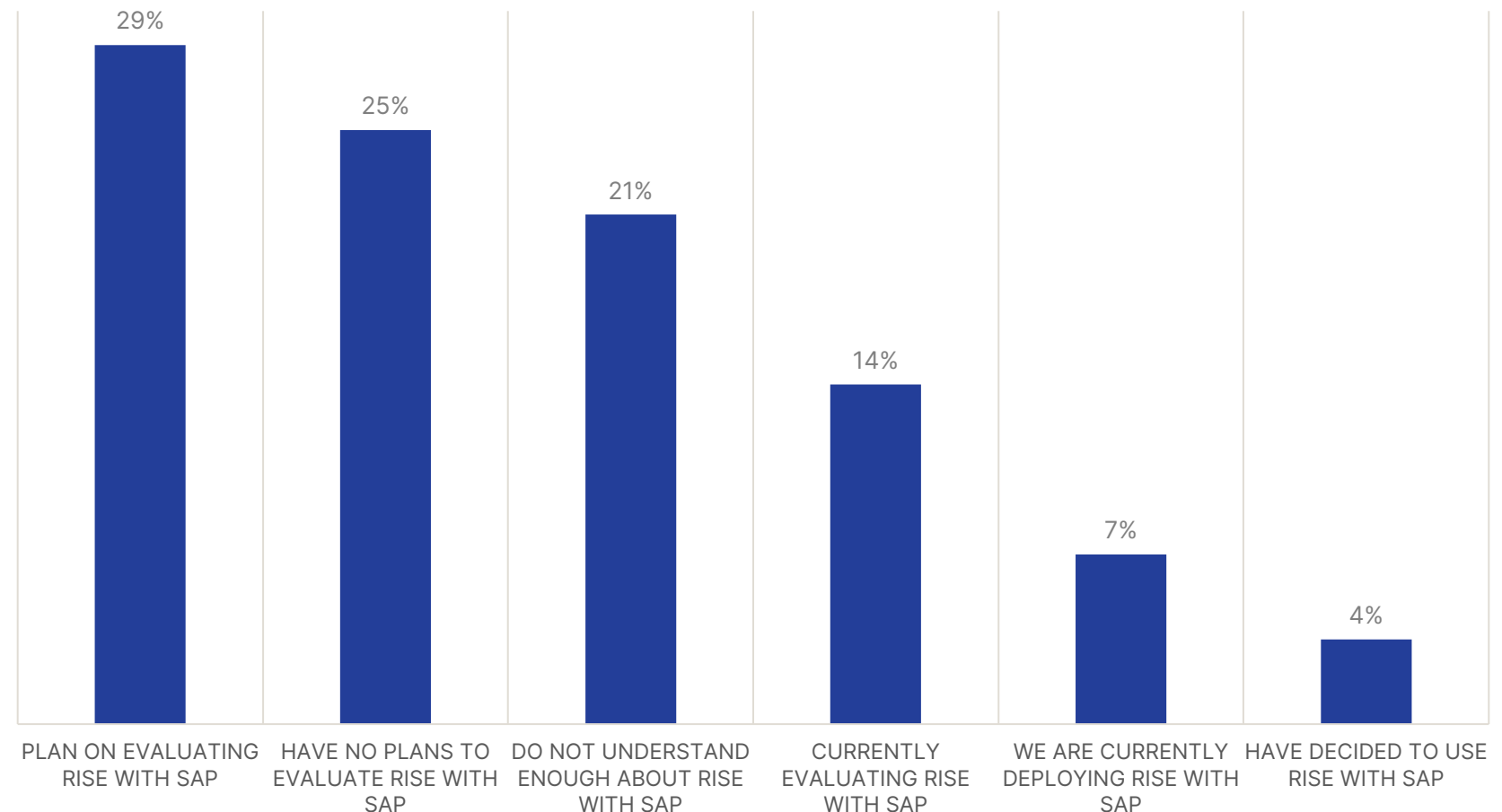
DETAILED FINDINGS

3

Organizations show mixed responses regarding the inclusion of RISE with SAP in their modernization and transformation plans. However, one in five respondents still admit to having insufficient knowledge about RISE with SAP to make an informed decision.

Regardless of their plans to use RISE with SAP, organizations must understand this offering due to its critical role in SAP's messaging and future as a cloud company.

Role RISE with SAP Will Play in ERP Modernization and Transformation Plans



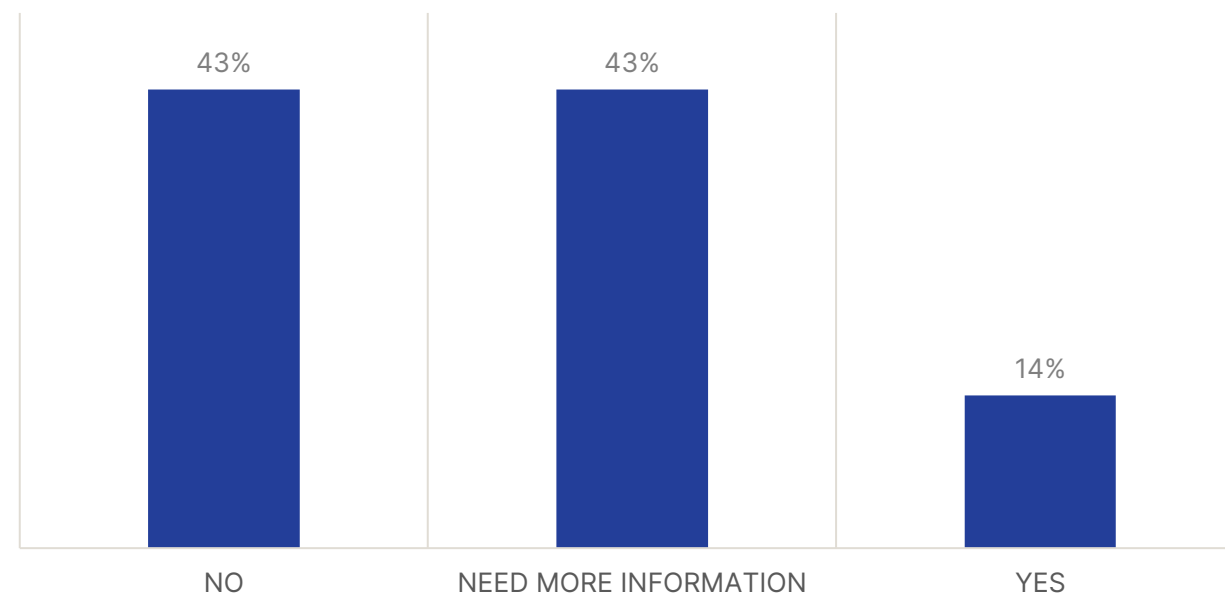
DETAILED FINDINGS

4

Since the announcement that generative AI and sustainability innovations would only be available to customers on RISE with SAP contracts, some organizations have revised their views on RISE with SAP. However, many still require additional information or maintain their original stance.

By understanding how SAP packages RISE with SAP, organizations can make more informed decisions regarding their ERP future, a decision carrying significant long-term implications.

Have SAP's Recent Statements on Generative AI and Sustainability Innovations Changed Your Thinking on RISE with SAP?



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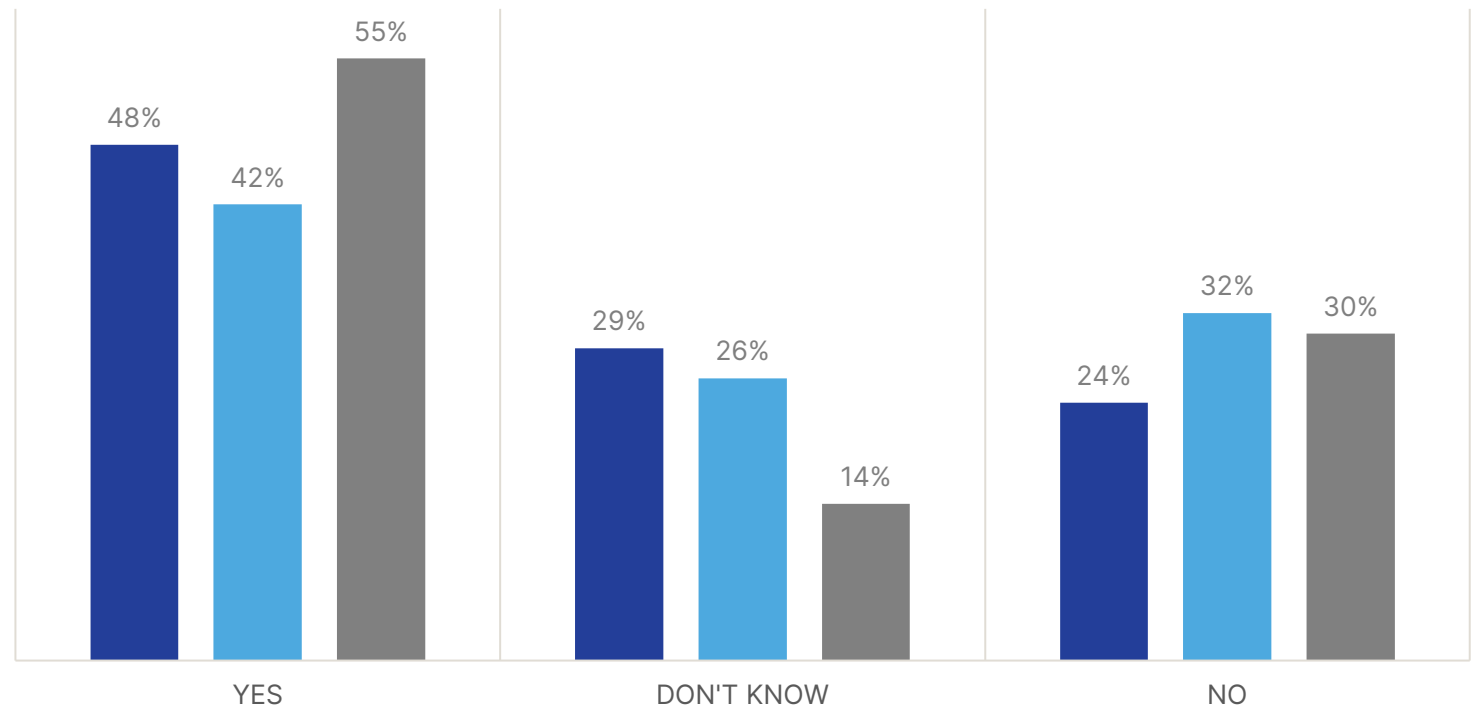
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Many organizations have adopted best-of-breed solutions in their landscapes and worry that RISE with SAP might restrict their options in choosing these solutions. This concern is prevalent among organizations with annual revenues below US\$ 2 billion compared to those with revenues above US\$ 2 billion.

It is crucial for these organizations to evaluate RISE with SAP to assess its impact on other enterprise solutions. They should focus on educating their teams to enable informed decision-making.

Are You Concerned that Using RISE with SAP Might Limit Choices Around Other Enterprise Solutions?

■ All ■ Larger Organizations ■ Smaller Organizations



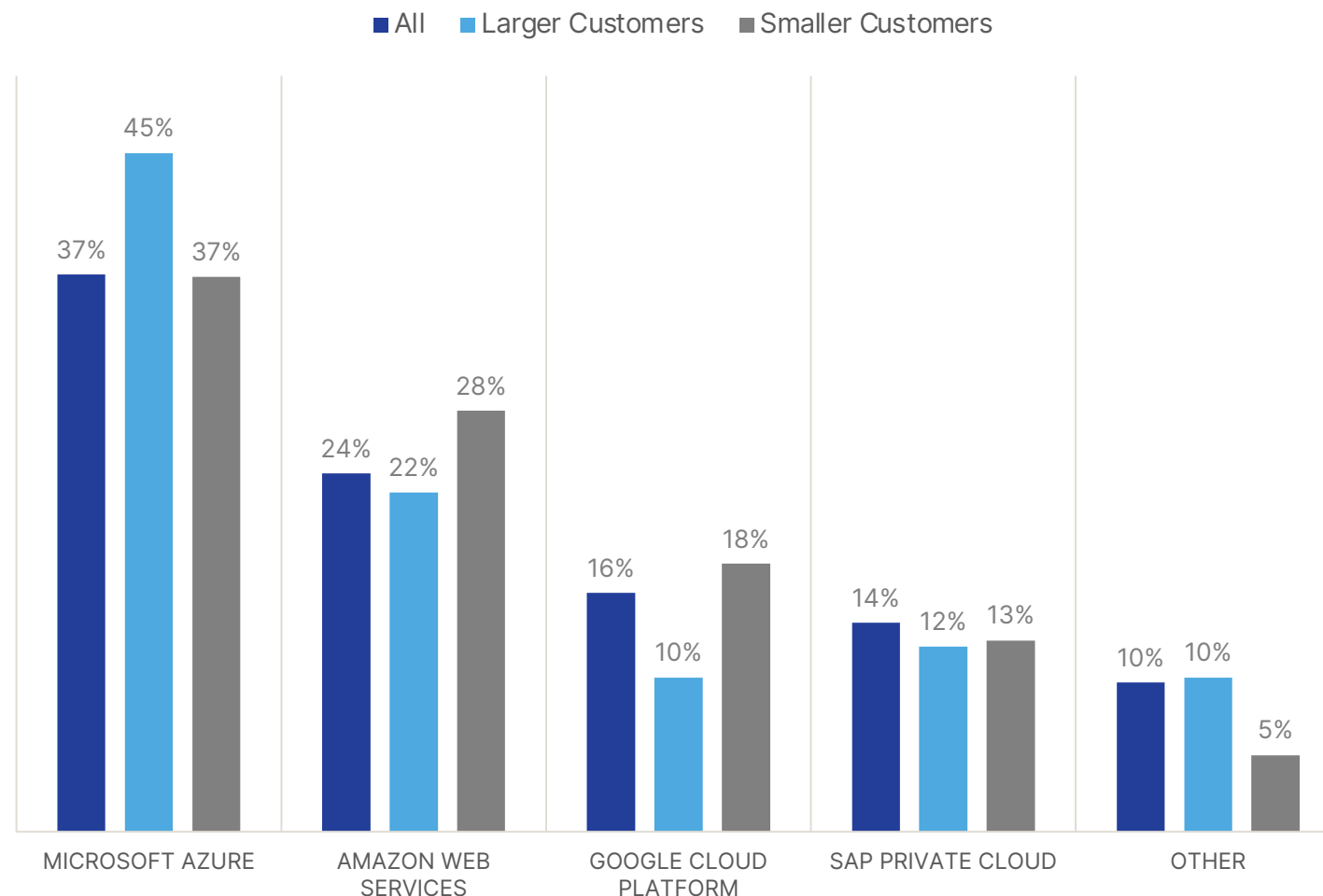
DETAILED FINDINGS

6

Microsoft Azure remains the most preferred service provider for RISE with SAP, but organizations with less than US\$ 2 billion in revenue tend to favor Amazon Web Services or Google Cloud Platform, often by a considerable margin.

Understanding the specific benefits each cloud service provider brings to RISE with SAP, along with the additional services available from these providers, is crucial. This enables organizations to make informed decisions regarding their RISE with SAP deployment.

Preferred Cloud Service Provider for RISE with SAP





STRATEGY AND NEEDS FOR ERP AND INNOVATION



DRIVERS

- Upcoming end of maintenance of core SAP ERP systems (41%)
- Need to update and improve existing business processes and create new operational efficiencies (33%)
- Need to modernize mission critical systems without disruption or creating business risk (29%)
- Pressure to replace legacy infrastructure while reducing costs and limiting capital expenditure (26%)



ACTIONS

- Redesigning IT platform and architectures to lower costs and increase flexibility (54%)
- Architecting a unified IT landscape to provide better movement and integration of data (51%)
- Implementing transformed and standardized end-to-end processes for core ERP users (43%)
- Updating and redesigning processes as part of a new ERP implementation (38%)



REQUIREMENTS

- Business process models that meet regulatory requirements for data management (68%)
- Best practice compliance checks that avoid outages (68%)
- A partner with experience migrating and managing transactional and historical data (67%)
- Comprehensive monitoring to ensure system health and security (67%)
- Ability to use the implementation partner and service provider of my choice (66%)
- A proven partner with experiencing implementing cloud ERP (64%)



TECHNOLOGIES

- High Availability and Disaster Recovery (54%)
- Managed infrastructure environments on-premise (49%)
- Cloud-based platforms and infrastructure (42%)
- SaaS deployments (33%)
- Data cleansing tools (25%)
- Infrastructure automation (25%)
- Custom code lifecycle management (24%)
- Cloud-based ERP (20%)
- SAP managed infrastructure (17%)
- Business process transformation tools (16%)

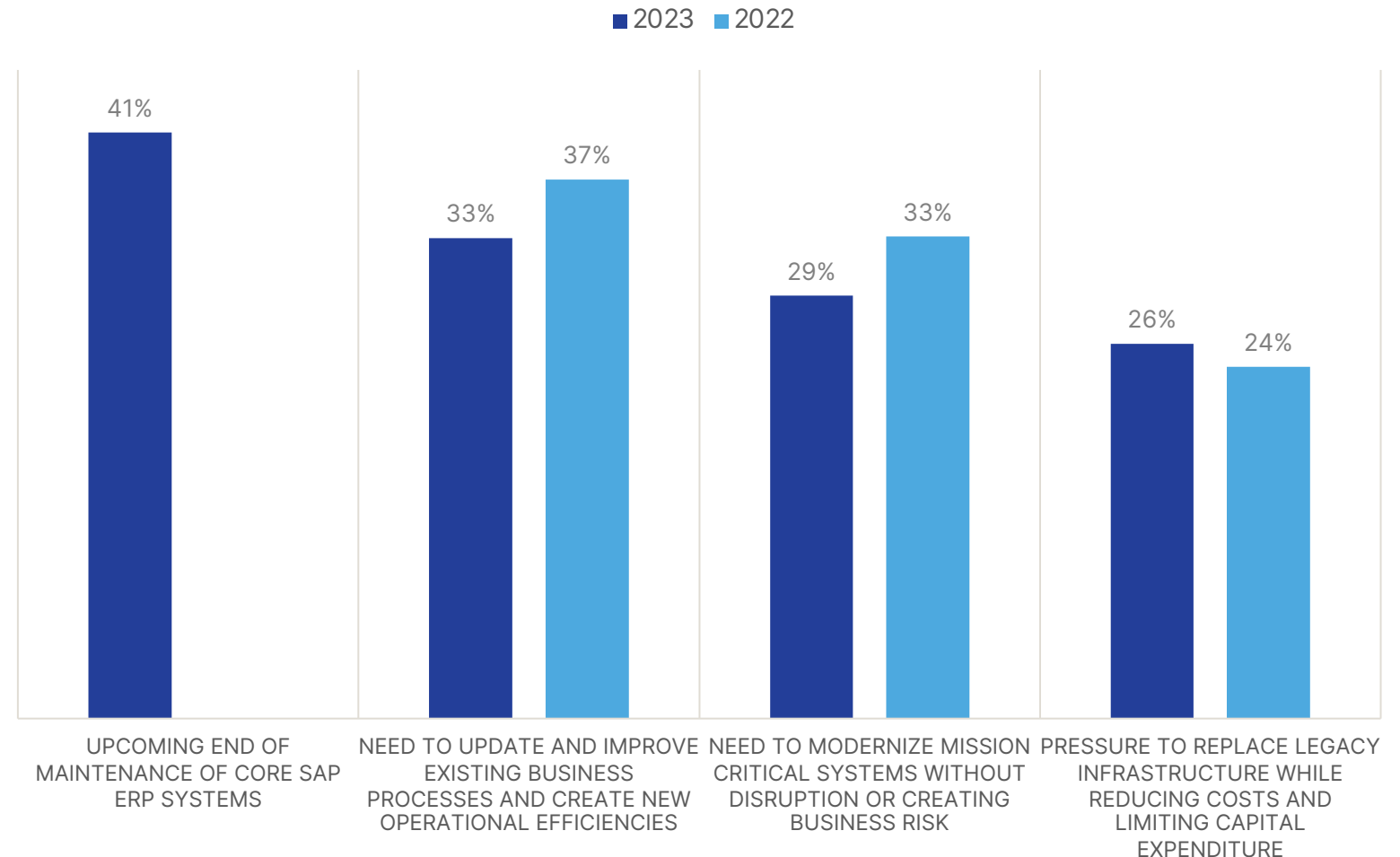
DETAILED FINDINGS

7

The upcoming end of maintenance continues to be the biggest factor impacting strategy for ERP and innovation. Until that challenge is managed, it is not possible to make future ERP plans.

Organizations must determine how they will manage the upcoming end of maintenance. While continuing with SAP ECC may seem viable, underlying databases and operating systems may become significant security risks.

Top Factors Impacting Strategy for ERP and Innovation



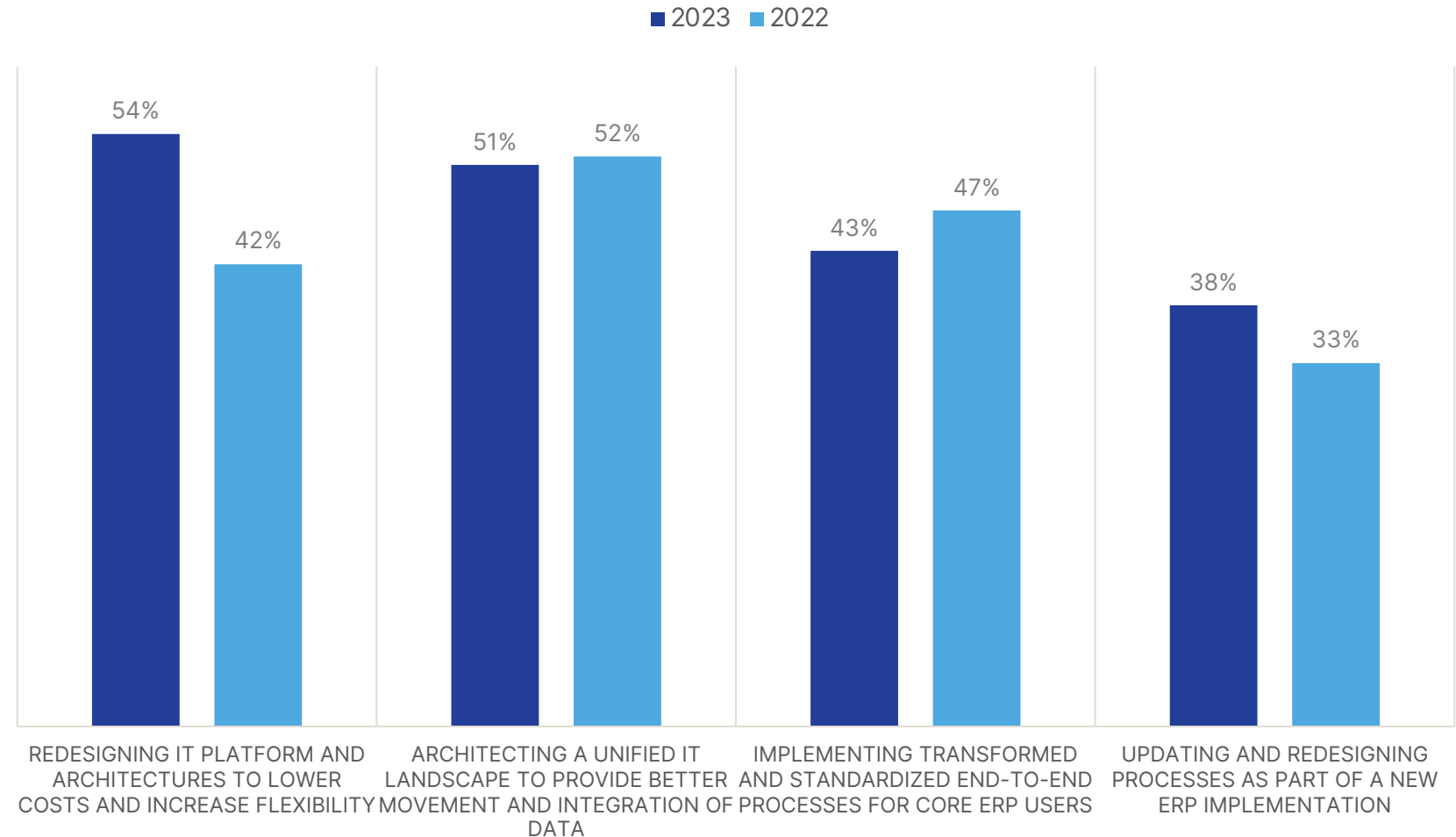
DETAILED FINDINGS

8

Organizations are implementing multiple strategies that will enable them to build a better platform for the future, even though the upcoming end of maintenance is the driving factor behind ERP and innovation planning.

To support these strategy implementations, organizations must conduct a thorough evaluation of existing environments and processes for effectively planning for the future.

Actions Taken to Support ERP and Innovation Strategies



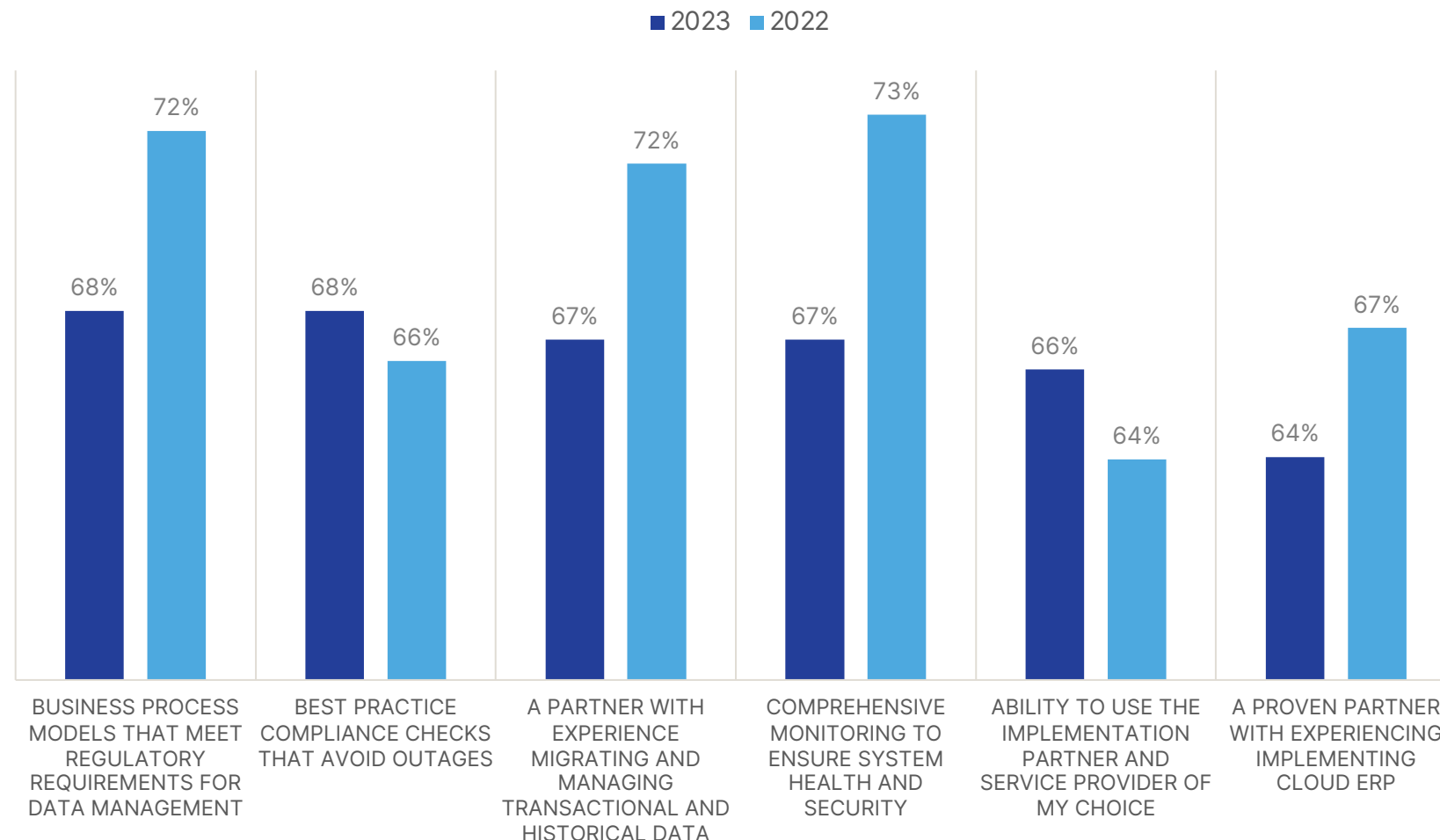
DETAILED FINDINGS

9

Ensuring that future systems can satisfy regulatory and compliance needs are the most important requirements for ERP planning. But identifying a proven partner that can help make transformation easier is also crucial.

Organizations should look for partners specializing in understanding transformation needs and who can offer guidance on selecting the right provider, managing data, and effectively preparing for future needs.

Requirements for ERP and Innovation Strategies



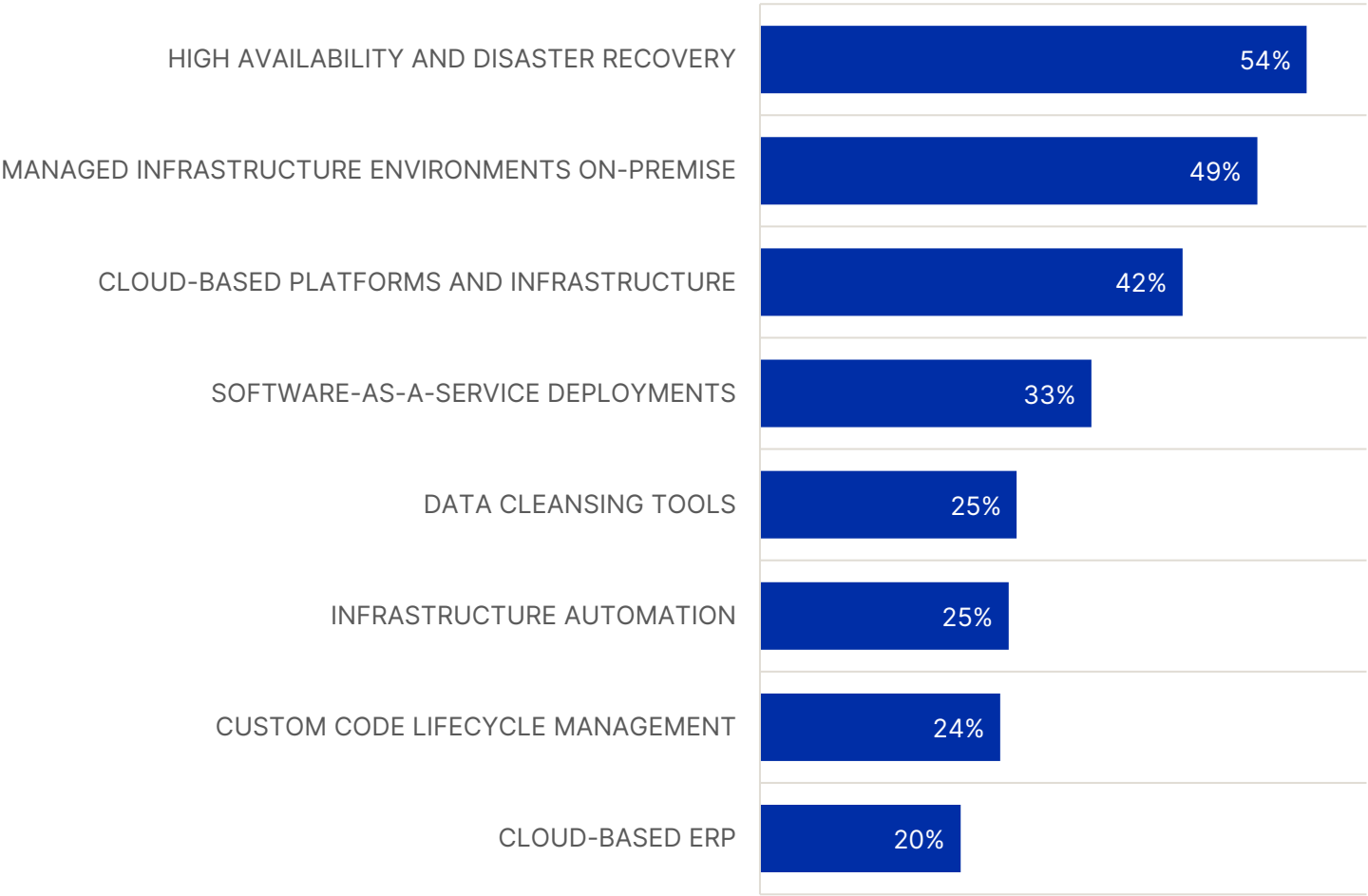
DETAILED FINDINGS

10

When planning for future ERP needs, respondents are focusing on resilience. This is achieved through high availability and disaster recovery capabilities, but also with cloud infrastructure and software-as-a-service deployments.

Incorporating these capabilities into technology planning is important for establishing a platform where new and innovative ERP systems can be built.

Technologies Being Used for ERP and Innovation



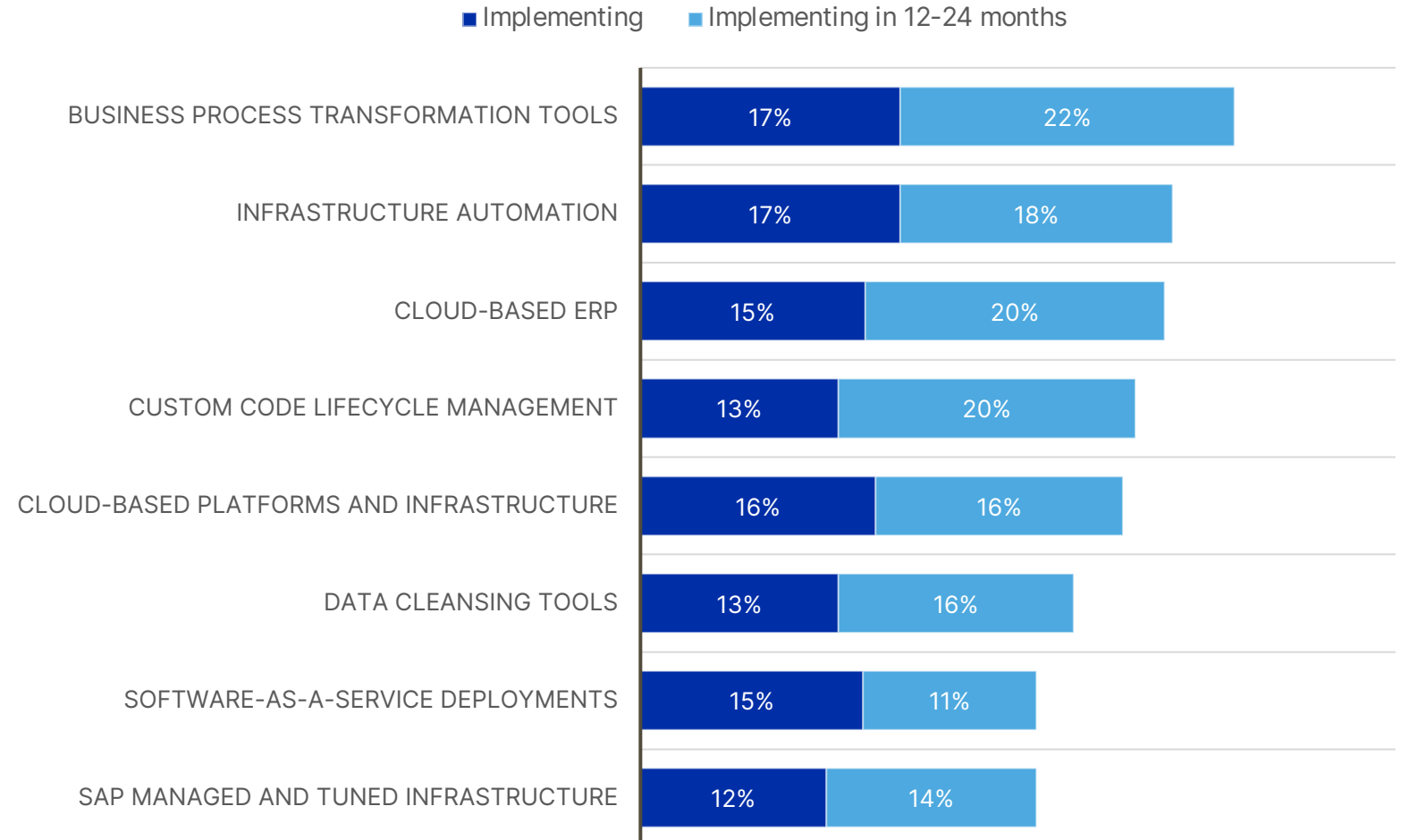
DETAILED FINDINGS

11

As organizations grow, they need to transform and update their existing systems and business processes. But streamlining and automating system and infrastructure administration is also crucial.

Implementing technologies that will continue to build a platform for future innovation will help ensure that ERP investments over the short-term can provide long-term benefits.

Technologies Being Implemented for ERP and Innovation



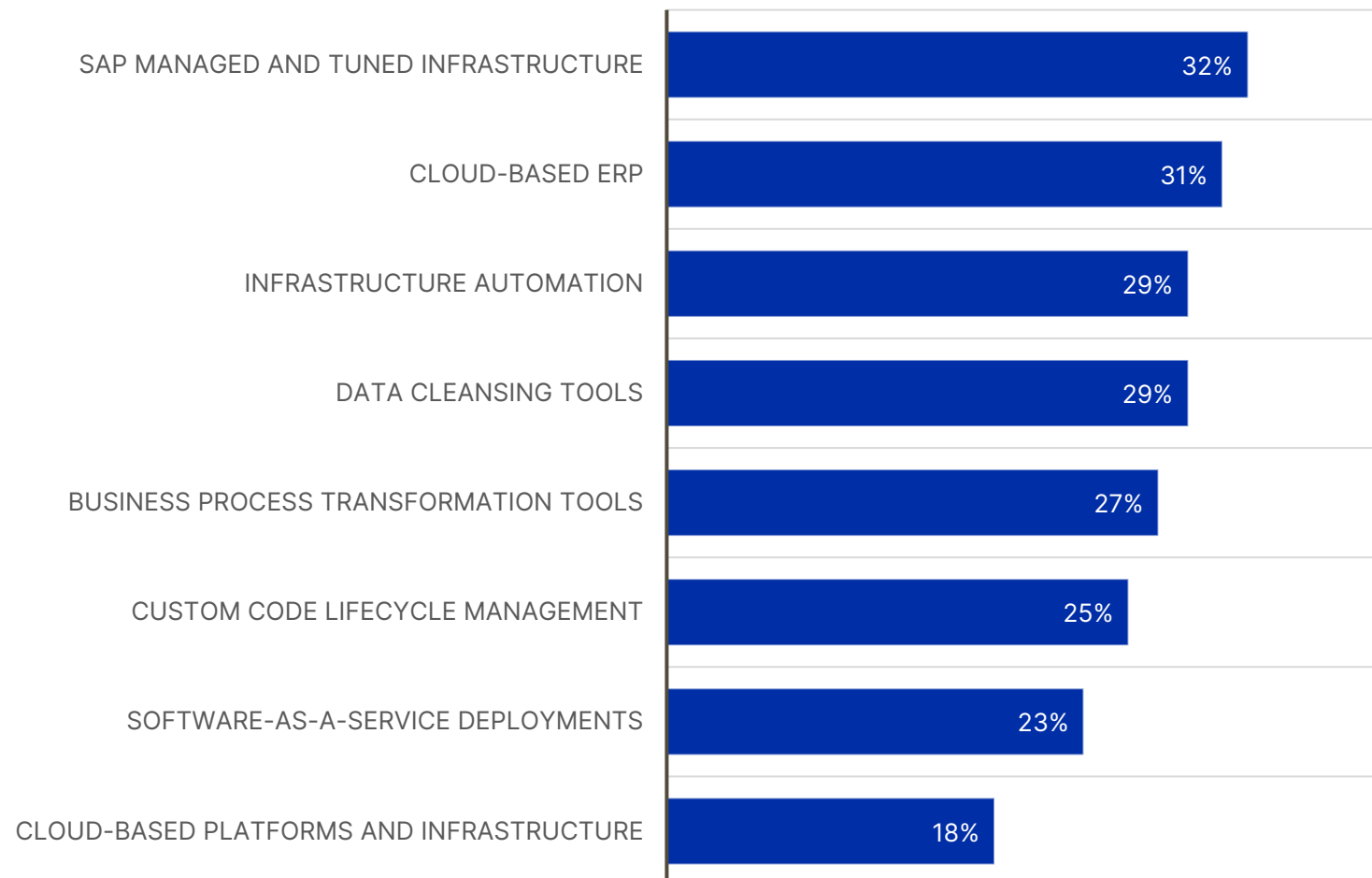
DETAILED FINDINGS

12

Reducing infrastructure costs and overhead is one of the primary goals of moving to the cloud. Respondents are looking at cloud ERP, infrastructure automation, and SAP managed and tuned infrastructure to achieve these goals.

Exploring automation technologies and cloud-based systems will help reduce administrative costs, which is an important part of meeting overall cloud objectives.

Technologies Being Evaluated for ERP and Innovation



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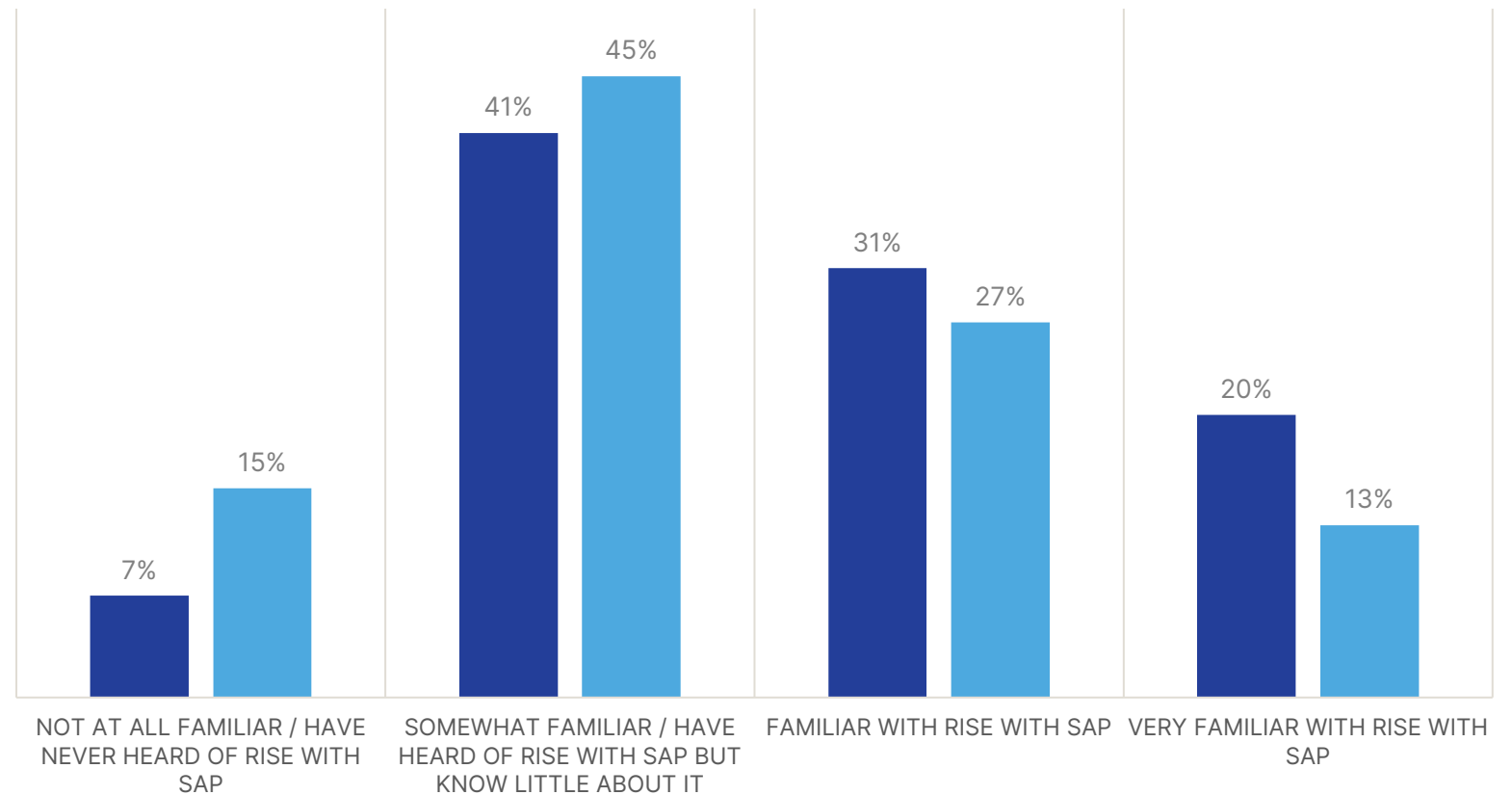
13

Overall, awareness of RISE with SAP continues to expand within the SAP community, yet a considerable number of respondents remain only somewhat familiar with the offering.

Organizations must familiarize themselves with RISE with SAP, which is central to SAP's cloud strategy, to effectively evaluate the offering and determine its appropriateness/value for their needs.

Familiarity With RISE with SAP

■ 2023 ■ 2022



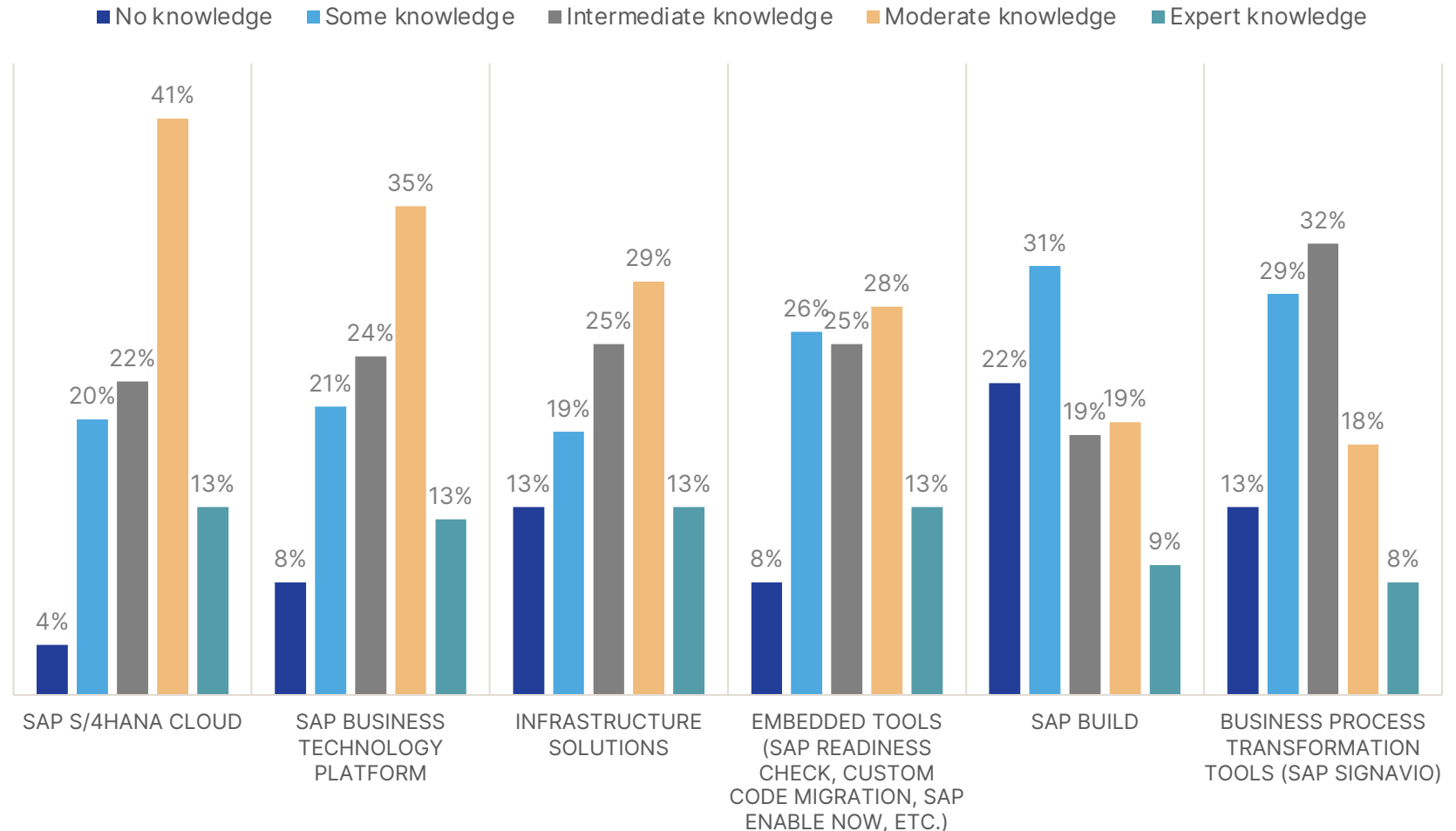
DETAILED FINDINGS

14

While knowledge and understanding of the various RISE with SAP components, particularly SAP BTP, has grown over years, there is still a noticeable gap in understanding transformation tools like SAP Build and SAP Signavio.

Organizations need to invest time in learning about RISE with SAP offerings to understand how these tools can support their innovation strategies.

Knowledge of RISE with SAP Components



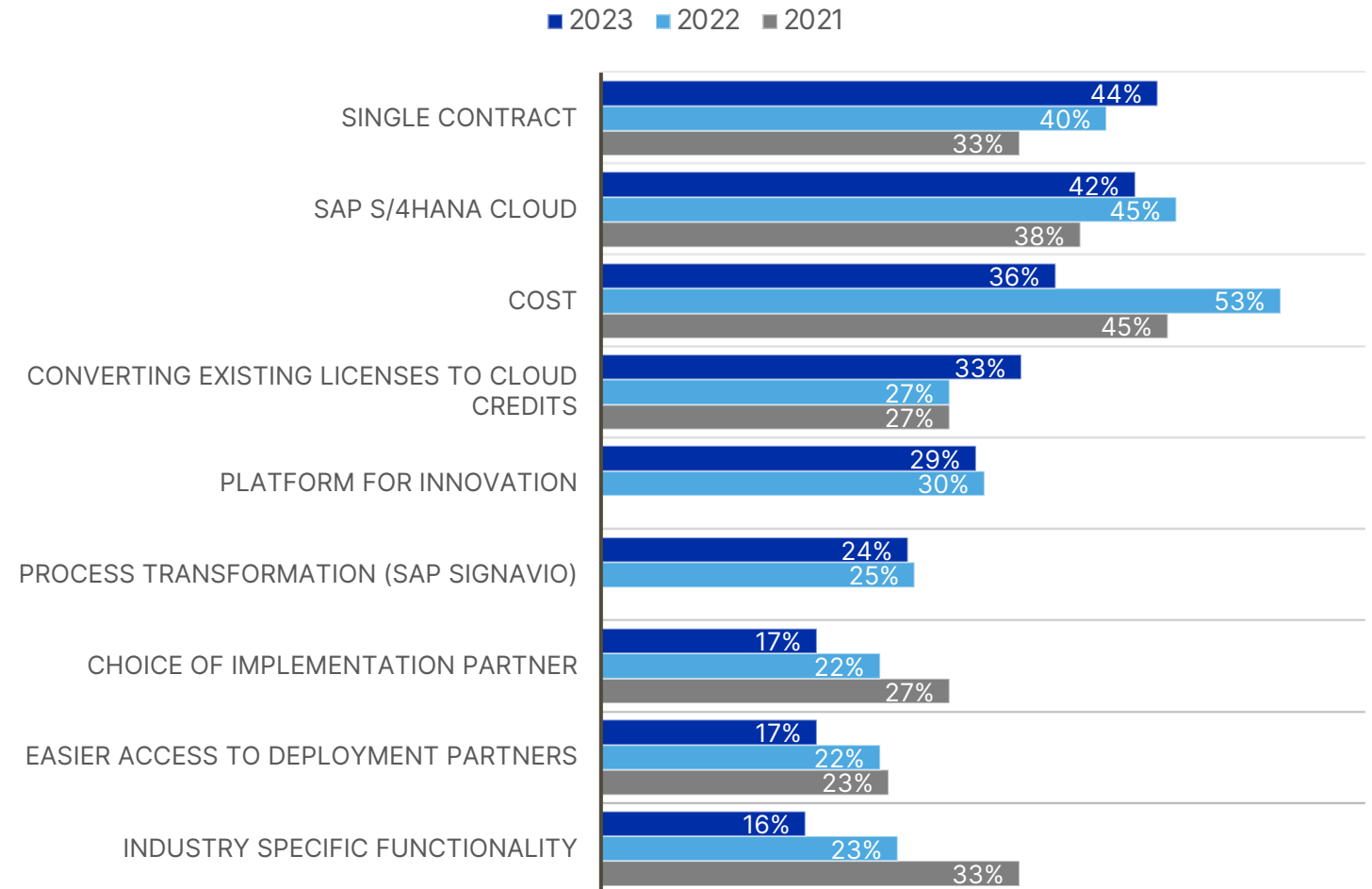
DETAILED FINDINGS

15

The size of organizations influences how respondents perceive potential benefits. Smaller organizations consider SAP S/4HANA Cloud as the most significant potential benefit, while large organizations regard the single contract as the most substantial potential benefit.

Considering the changes SAP is making to RISE with SAP packages, it is crucial for organizations to understand the cost involved and the components available in each package.

What About RISE with SAP Provides the Most Benefit?



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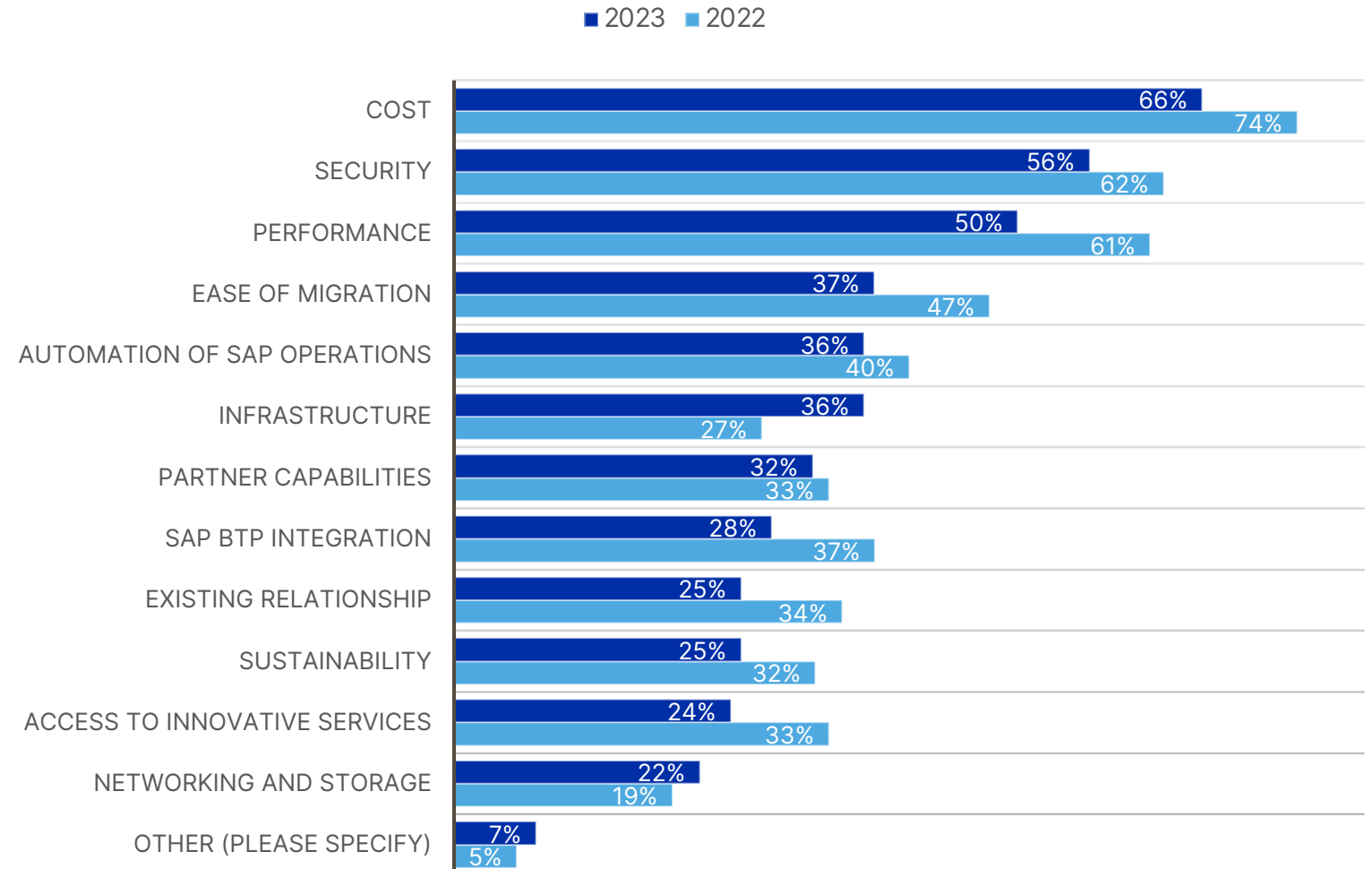
16

Although most respondents indicated they were likely to leverage additional services from the cloud provider they selected for RISE with SAP, cost and security emerged as the most important factors when selecting a cloud service provider.

When choosing a cloud service provider for a RISE with SAP implementation, understanding the factors involved is crucial.

Organizations also need to ensure that their teams are educated on the choices they will make.

Factors for Choosing a Cloud Provider for RISE with SAP

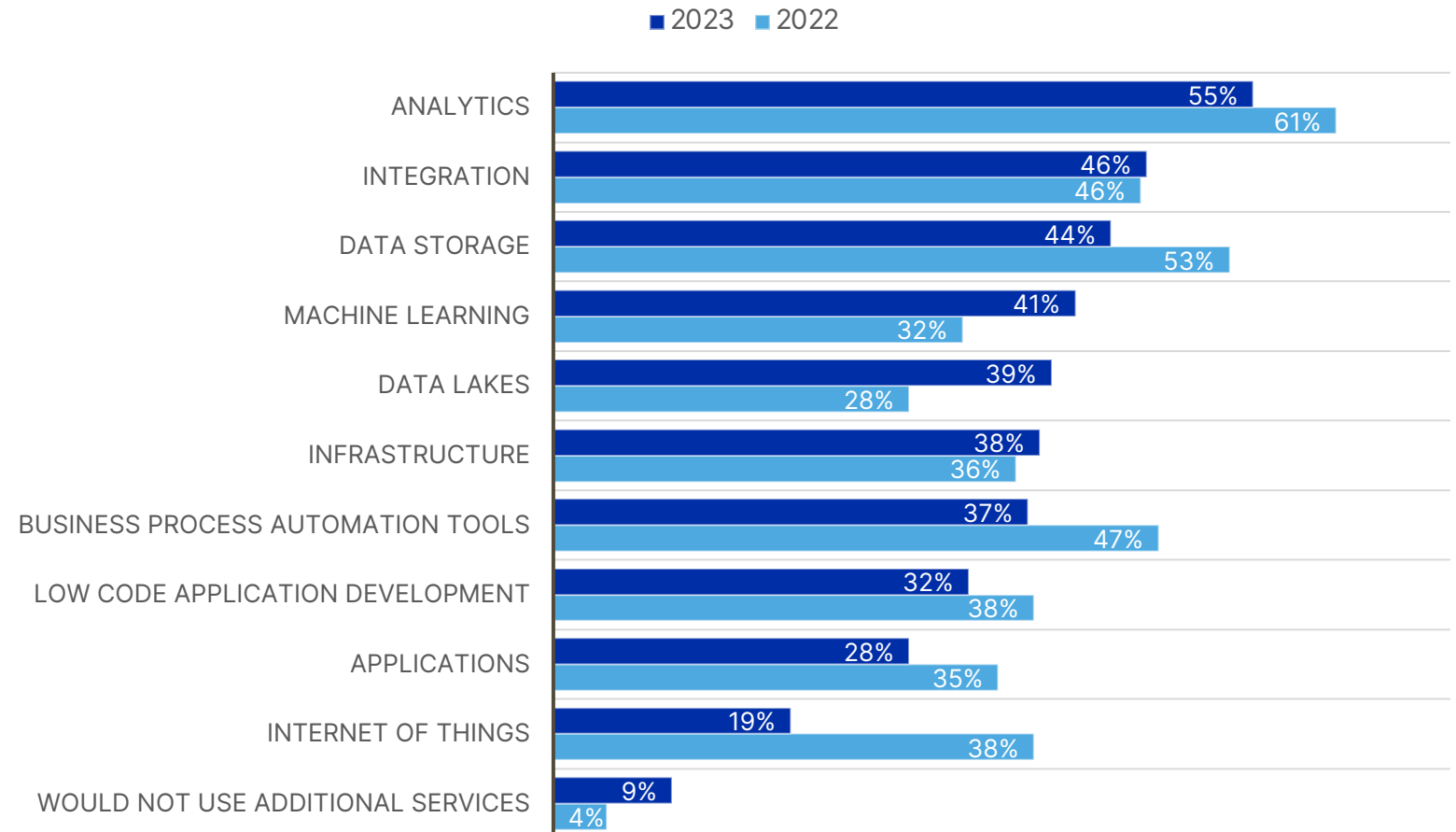


DETAILED FINDINGS

17

Most organizations are already using cloud infrastructure for SAP solutions. Moving to RISE with SAP may present the opportunity to leverage additional services from cloud providers although connectivity may need to be established for integrating SAP data with these services.

Likely Additional Services Leveraged from Cloud Provider After Implementing RISE with SAP



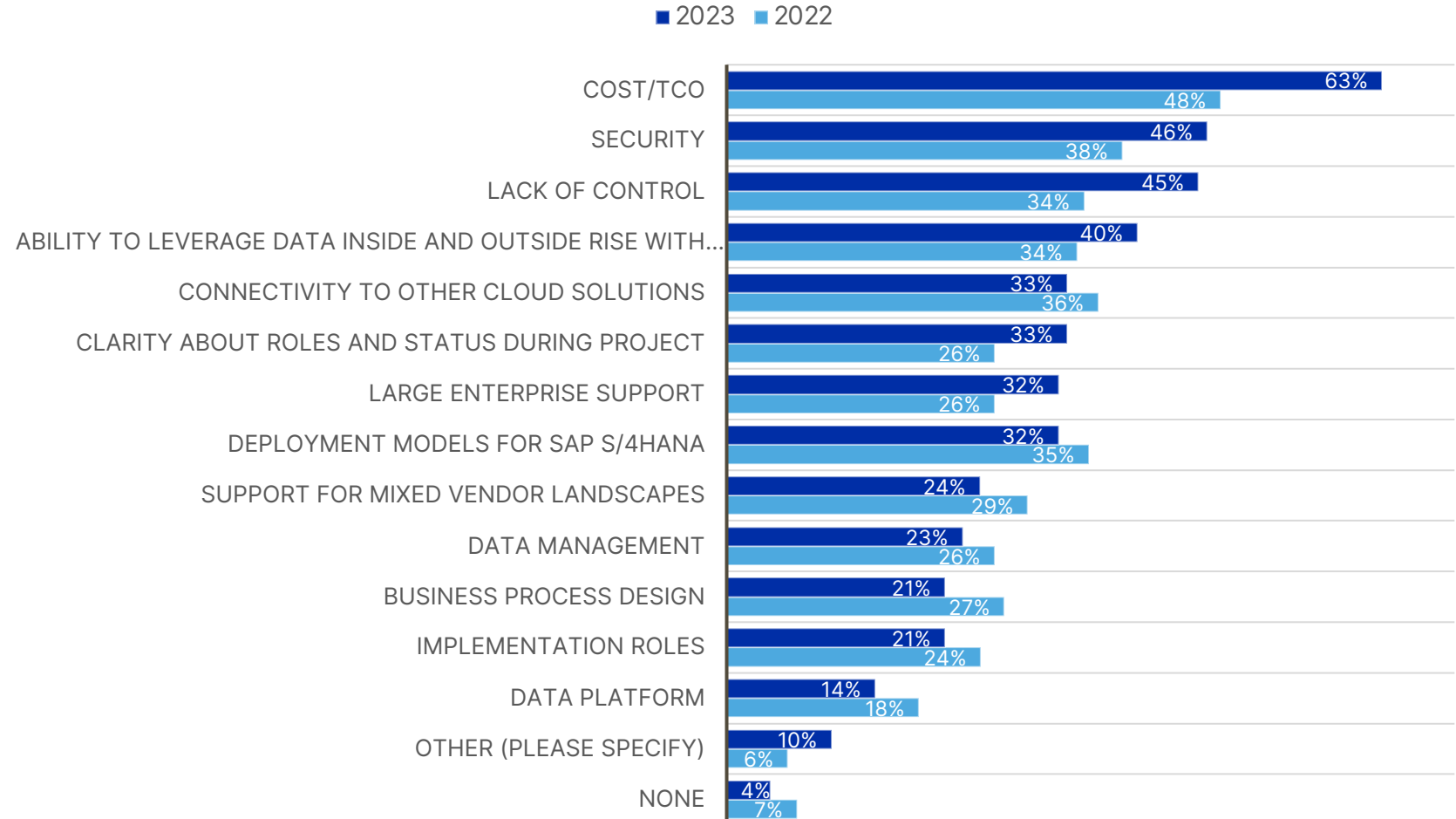
DETAILED FINDINGS

18

Although cost was the biggest area of concern for organizations in 2022, this concern has grown significantly in 2023 possible due to the introduction of RISE with SAP Premium and Premium Plus packages, which are significantly more expensive compared to the base package.

Because several respondents indicated they would not be considering RISE with SAP due to the high cost, SAP will need to address this challenge if it wants organizations to adopt the offering.

Areas of Concern Regarding RISE with SAP



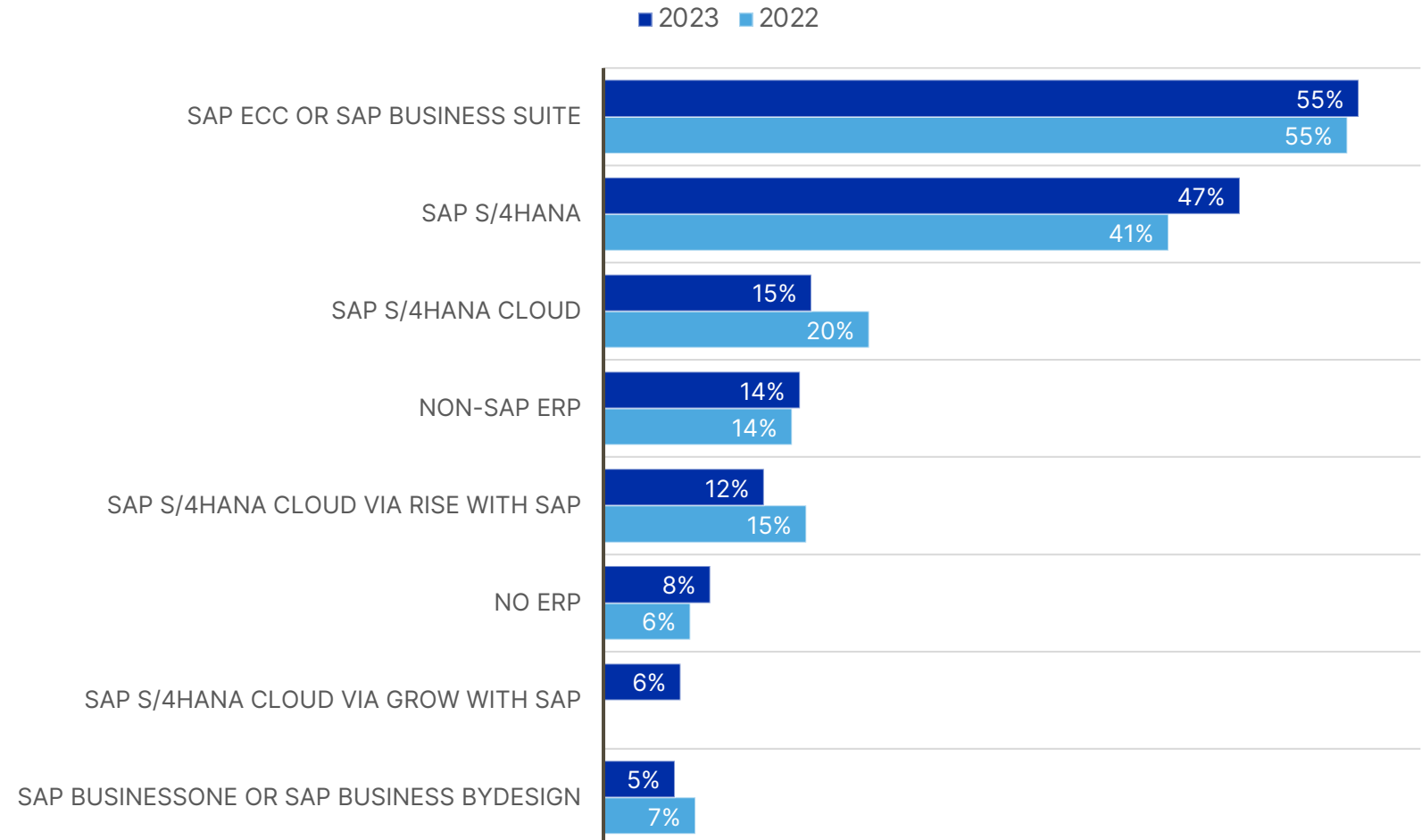
DETAILED FINDINGS

19

While SAP ECC remains the most preferred ERP system for use, a growing number of organizations are also evaluating or deploying SAP S/4HANA. This has seen significant growth in adoption since 2022.

While some organizations have already adopted cloud ERP systems, many are still using legacy environments. It is vital for organizations to prepare and plan for their ERP's future, whatever that might bring.

ERP System Currently Being Used



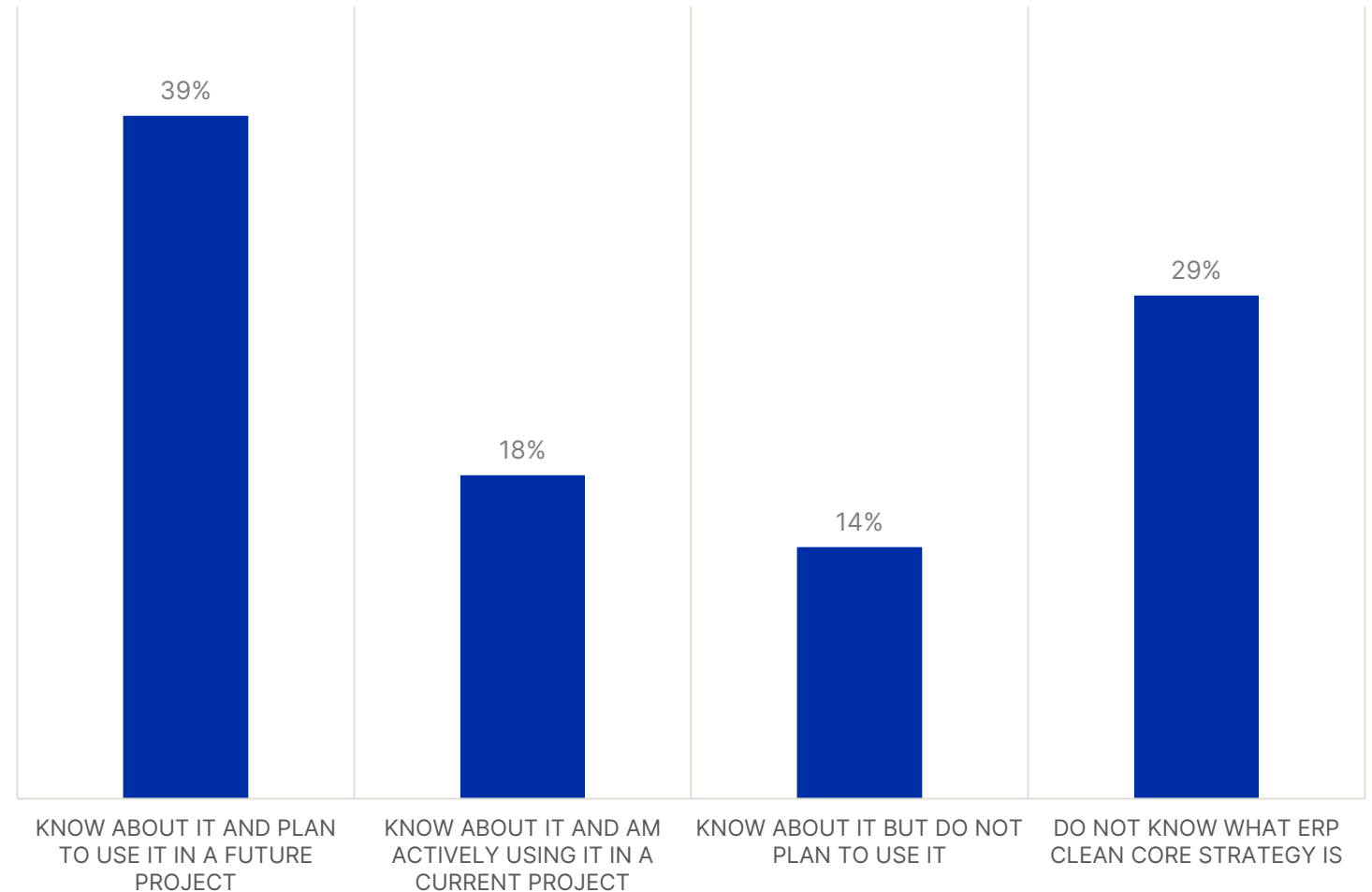
DETAILED FINDINGS

20

Clean core is typically associated with limiting customizations and using extensibility to provide custom capabilities. However, there is much more to an ERP clean core strategy than just customizations.

While it may not be applicable in every SAP project, knowing about what the clean core strategy means and how it impacts different SAP solutions is an important part of building a platform for the future.

Awareness of ERP Clean Core Strategy



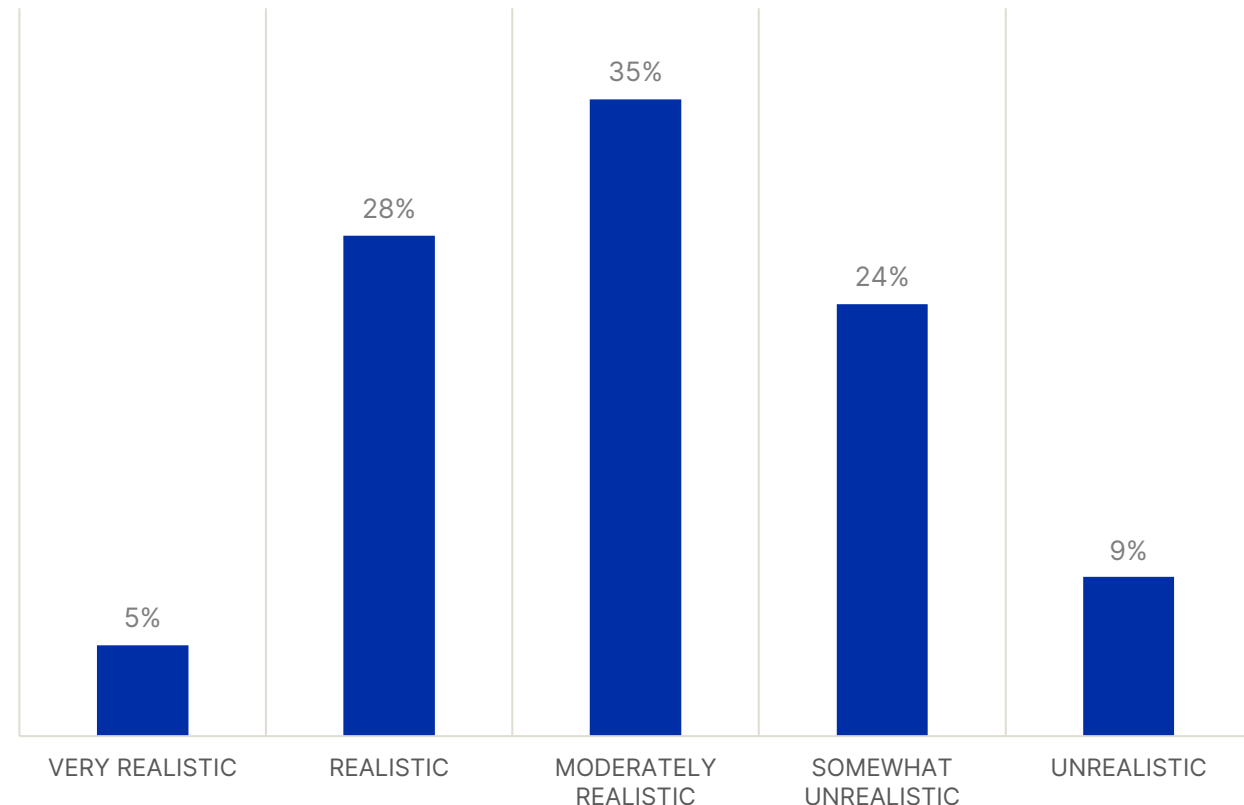
DETAILED FINDINGS

21

“Clean Core” guidelines recommend the ERP system’s core to have minimal or no customization and suggests using extensibility for adding any functionality to the standard elements. However, only one-third of respondents believe adhering to standardized guidelines for all core elements is realistic, while another third consider it moderately realistic.

Given that a clean core can offer significant benefits, organizations should explore what it can offer.

Realism of Deploying a System Which Only Follows Standardized Guidelines for all Elements of the Core



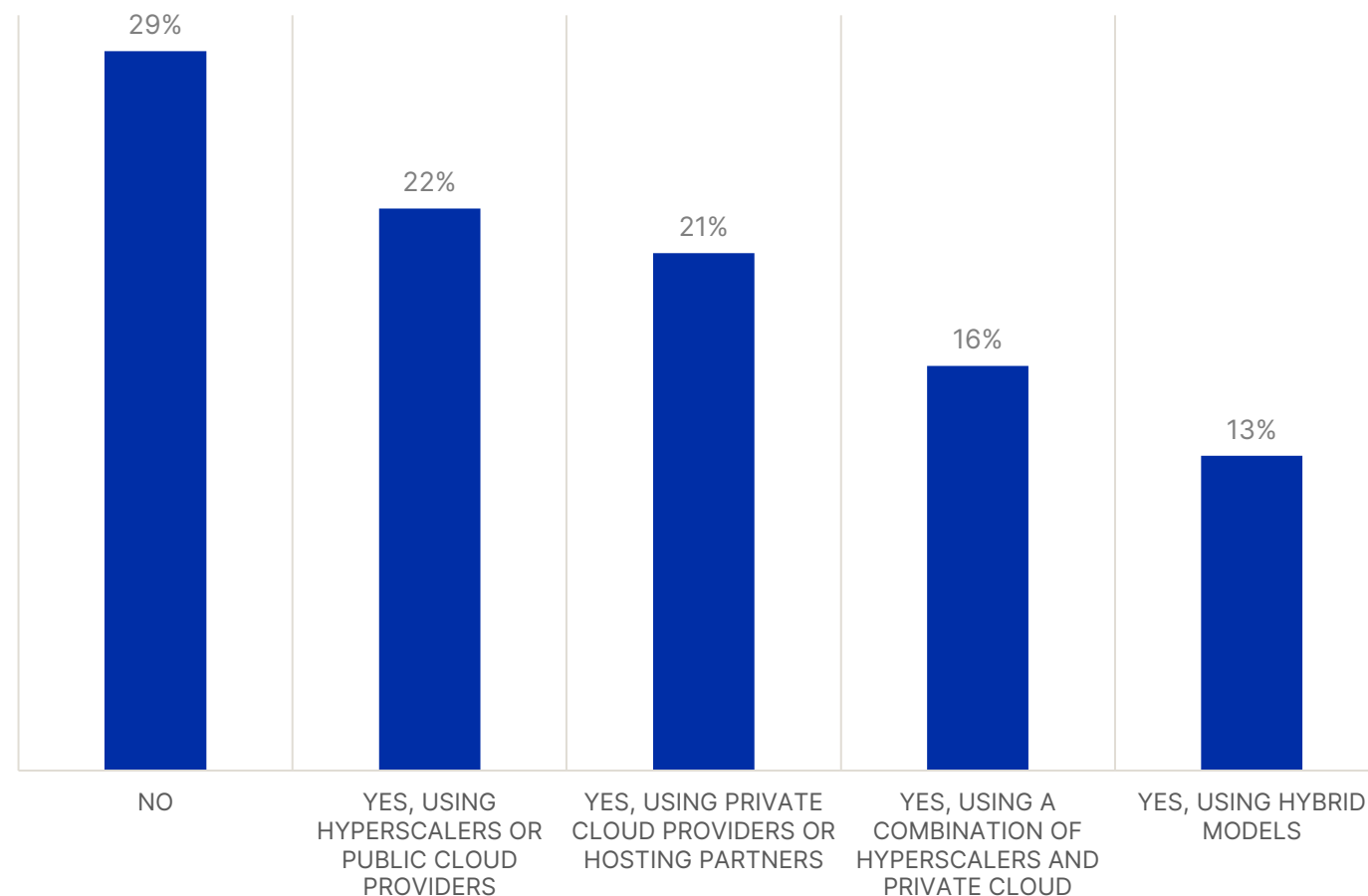
DETAILED FINDINGS

22

While almost a third of respondents are not using the cloud for SAP workloads, seven in ten have already moved SAP workloads to the cloud.

With cloud adoption accelerating, organizations must prepare for the complexities of moving workloads to these environments and effectively managing, operating, and securing them.

Cloud Use for SAP Workloads



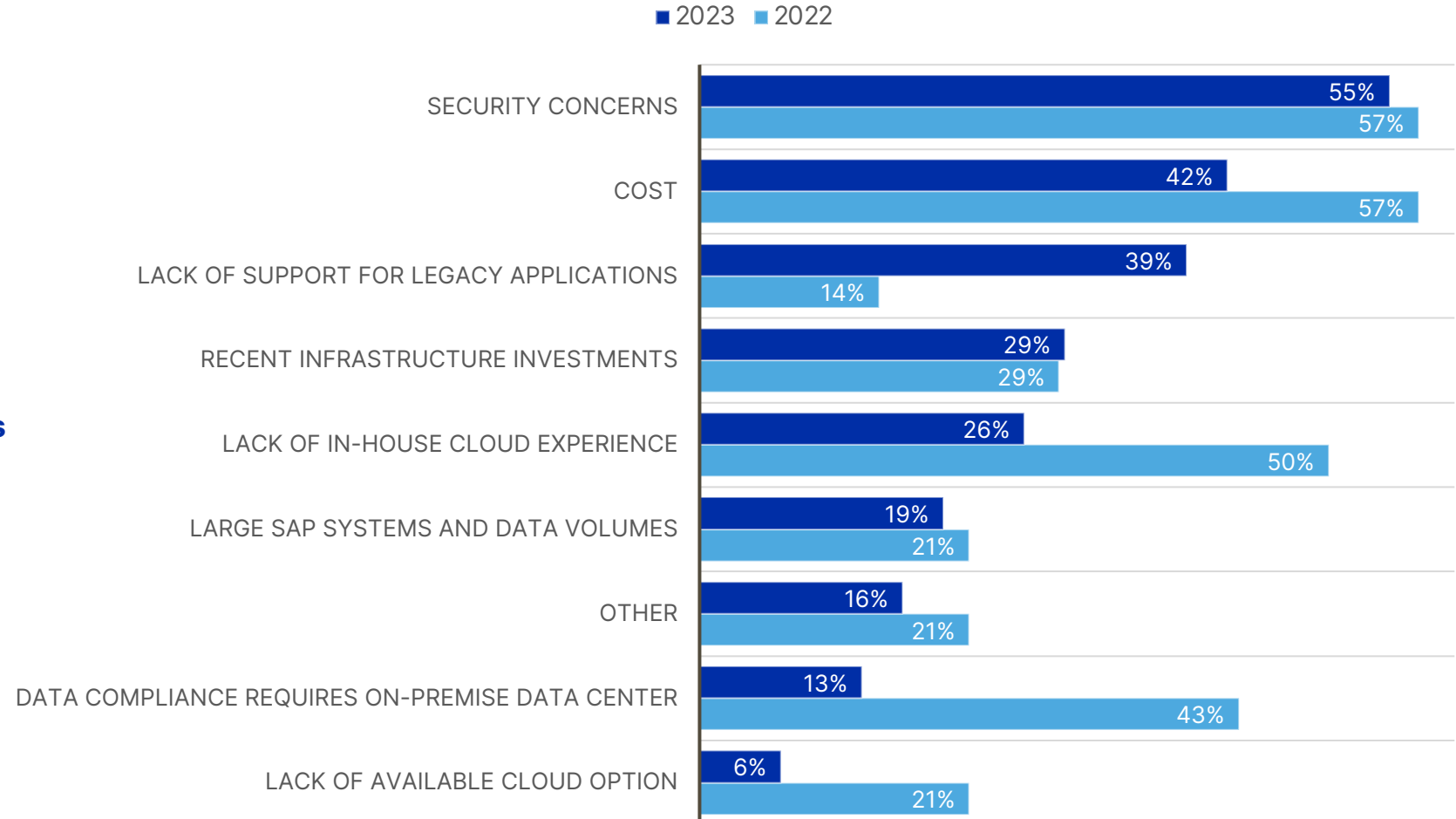
DETAILED FINDINGS

23

For organizations that are not running SAP workloads in the cloud, the biggest concerns are security and cost. But a lack of support for legacy applications, even a lift and shift to replacing existing infrastructure, also prevents organizations from moving SAP workloads to the cloud.

Having teams with the right skill-sets can remediate some of these issues, but organizations must be willing to invest in developing or recruiting talent with these skill-sets.

Factors Preventing Moving SAP Workloads to the Cloud



DETAILED FINDINGS

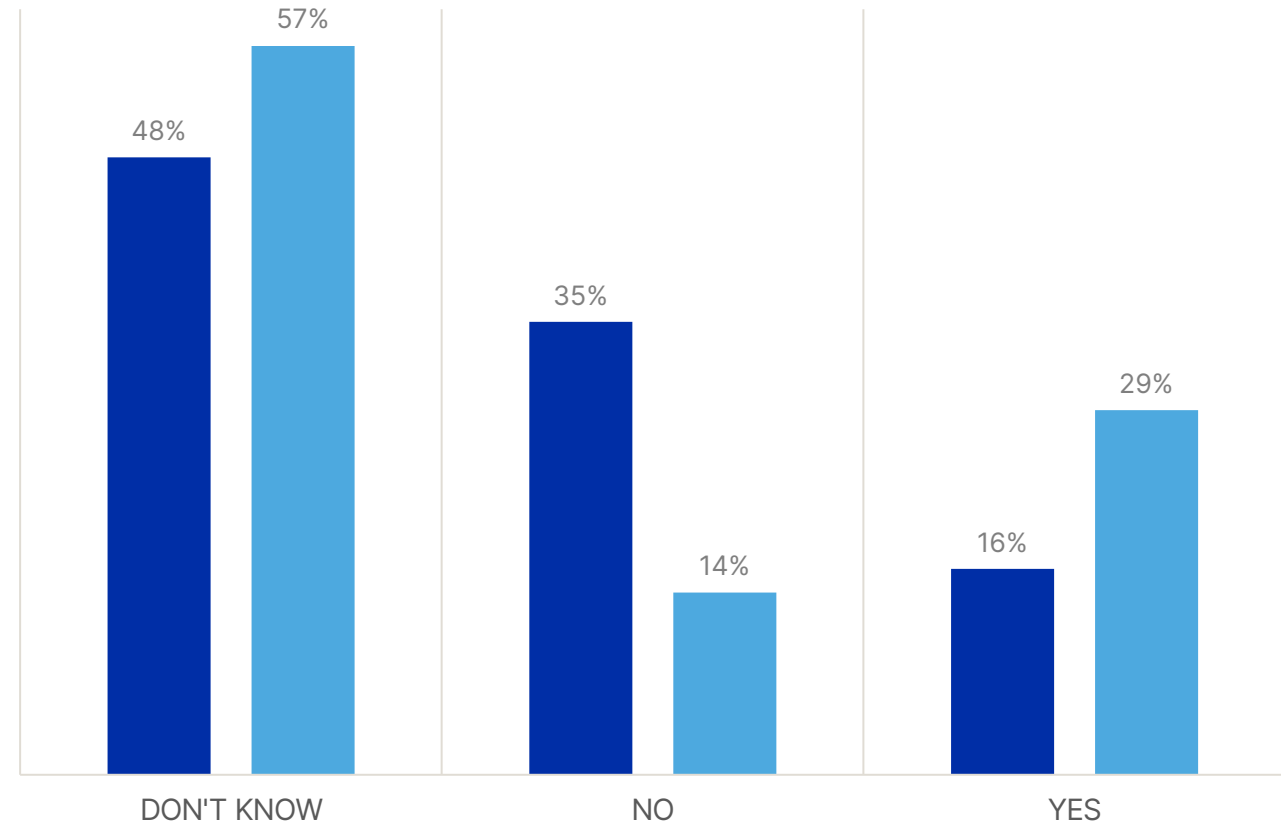
24

RISE with SAP offers an SAP-managed environment where organizations are largely responsible for managing solutions and not infrastructure, although this depends on the SAP S/4HANA deployment model.

Given that it may address some of the challenges associated with moving to the cloud, understanding more about the offering can help determine whether RISE with SAP can provide a solution to such issues.

Would RISE with SAP Help Address These Factors?

■ 2023 ■ 2022



THANK YOU

Robert Holland

Vice President and Research Director

robert.holland@sapinsider.org

SAPinsider



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